

GREENE COUNTY MEDICAL CENTER  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2012 AND 2011

# GREENE COUNTY MEDICAL CENTER

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GREENE COUNTY MEDICAL CENTER  
Officials  
June 30, 2012

<u>Board of Trustees:</u>	<u>Address</u>	<u>Term Expires</u>
Jim Schleisman, Chairperson	Jefferson, Iowa	2016
David Hoyt, Vice-Chairperson	Jefferson, Iowa	2012
Judy Sankot, Secretary	Jefferson, Iowa	2016
Ralph Riedesel, Treasurer	Paton, Iowa	2012
Kim Rueter (resigned September, 2012)	Grand Junction, Iowa	2016
Doug Hawn	Scranton, Iowa	2014
Kim Bates	Scranton, Iowa	2014
<u>Chief Executive Officer:</u>		
Carl Behne	Jefferson, Iowa	
Karen L. Bossard (retired June, 2012)	Jefferson, Iowa	
<u>Chief Financial Officer:</u>		
William C. Steussy	Jefferson, Iowa	
<u>Controller:</u>		
James Last (retired October, 2012)	Grand Junction, Iowa	

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Greene County Medical Center  
Jefferson, Iowa

We have audited the accompanying balance sheets of Greene County Medical Center as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements referred to previously do not include financial data for Greene County Medical Center Foundation, the Hospital's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Hospital. As a result, these financial statements do not purport to, and do not, present fairly the financial position of the reporting entity that includes the Hospital and its component unit as of June 30, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Hospital has issued separate reporting entity financial statements, for which we have issued our report dated December 4, 2012.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County Medical Center as of June 30, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
Greene County Medical Center

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2012 on our consideration of Greene County Medical Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 4 through 4d and on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Greene County Medical Center's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2010 (which are not presented herein) and expressed qualified opinions on those financial statements. The supplementary information on pages 1 and 21 through 36, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Armenwood, Bill, Thylor & Co. P.C.*

Atlantic, Iowa  
December 4, 2012



Phone: (515) 386-2114  
Web: gcmchealth.com

## GREENE COUNTY MEDICAL CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene County Medical Center offers readers of our financial statements this narrative overview and analysis of the financial activities of the Medical Center for the fiscal years ended June 30, 2012 and June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Greene County Medical Center's financial statements, which begin on page 5.

### FINANCIAL HIGHLIGHTS

The Medical Center's net assets have decreased in 2012 by \$501,341, after an increase of \$126,682 in 2011.

The Medical Center's patient accounts receivable increased by \$114,667 or 3% in 2012.

Net capital assets decreased by \$5,816 in 2012.

The Medical Center's operating loss increased from \$2,453,065 in 2011 to \$3,200,564 in 2012.

Noncapital grants and contributions decreased \$172,518 or 19% in 2012.

Capital grants and contributions decreased \$23,937 or 6% in 2012.

The Medical Center is in the second year of a U.S. Dept of Commerce 3-year grant for Broadband Technology Opportunities Program in the area of telehealth. The Medical Center received \$679,199 in 2012 and \$651,217 in 2011.

### USING THIS ANNUAL REPORT

The Medical Center's financial statements consist of three statements - a Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

### THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Our analysis of the Medical Center's finances begins on page 4a. One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net assets and changes in them. You can think of the Medical Center's net assets - the difference between assets and liabilities - as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

## THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

## THE MEDICAL CENTER'S NET ASSETS

The Medical Center's net assets are the difference between its assets and liabilities reported in the Balance Sheet on page 5. The Medical Center's net assets decreased by \$501,341 in 2012 after increasing by \$126,682 in 2011 as you can see from Table 1.

Table 1: Assets, Liabilities, and Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:			
Current assets	\$ 8,488,185	\$ 8,317,381	\$ 7,858,039
Capital assets, net	9,942,591	9,948,407	9,705,871
Other noncurrent assets	<u>3,906,402</u>	<u>5,111,045</u>	<u>5,312,373</u>
Total assets	<u>\$ 22,337,178</u>	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>
Liabilities:			
Long-term debt outstanding	\$ 362,347	\$ 587,398	\$ 811,472
Other current and noncurrent liabilities	<u>3,759,639</u>	<u>4,072,902</u>	<u>3,474,960</u>
Total liabilities	<u>\$ 4,121,986</u>	<u>\$ 4,660,300</u>	<u>\$ 4,286,432</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 9,300,775	\$ 8,825,899	\$ 8,657,171
Restricted - expendable	382,051	387,485	397,494
Unrestricted	<u>8,532,366</u>	<u>9,503,149</u>	<u>9,535,186</u>
Total net assets	<u>\$ 18,215,192</u>	<u>\$ 18,716,533</u>	<u>\$ 18,589,851</u>

Current assets increased by 2% primarily as a result of an increase in Medicare/Medicaid receivable. Net capital assets decreased by \$5,816 with major acquisition and construction-in-progress purchases nearly offsetting the depreciation for the year. Other noncurrent assets decreased by 24% due to amounts needed to meet current liabilities and capital improvement projects.

Liabilities decreased by 12%, due to lower third-party payor settlements and decreases in the long-term debt.

#### OPERATING RESULTS AND CHANGES IN THE MEDICAL CENTER'S NET ASSETS

In 2012, the Medical Center's net assets decreased by \$501,341, as shown in Table 2. This decrease is made up of many different components. This year the most significant changes were the decrease in inpatient volumes, resulting in total operating revenues increasing by only 7.6%, while total operating expenses increased by 10.4%.

Table 2: Operating Results and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:			
Net patient service revenues	\$ 19,142,421	\$ 17,741,073	\$ 16,890,188
Other operating revenues	<u>271,176</u>	<u>298,592</u>	<u>289,192</u>
Total operating revenues	19,413,597	18,039,665	17,179,380
Operating Expenses:			
Salaries and benefits	13,457,563	12,335,991	11,610,653
Professional fees	1,873,934	1,343,507	1,576,520
Other operating expenses	5,590,975	5,290,240	4,551,968
Depreciation	<u>1,691,689</u>	<u>1,522,992</u>	<u>1,378,998</u>
Total operating expenses	<u>22,614,161</u>	<u>20,492,730</u>	<u>19,118,139</u>
Operating Loss	( 3,200,564)	( 2,453,065)	( 1,938,759)
Non-Operating Revenues (Expenses):			
County taxes	1,557,202	1,238,074	1,108,020
Noncapital grants and contributions	751,911	924,429	398,843
Investment income	24,112	39,897	71,437
Interest expense	( 11,896)	( 16,183)	( 11,721)
Gain on disposal of equipment	<u>2,301</u>	<u>--</u>	<u>--</u>
Non-operating revenues, net	<u>2,323,630</u>	<u>2,186,217</u>	<u>1,566,579</u>
Excess of Expenses Over Revenues			
Before Capital Grants and Contributions,			
and Scholarship Distributions	( 876,934)	( 266,848)	( 372,180)
Capital Grants and Contributions	383,593	407,530	478,286
Medical Occupation Scholarships	<u>( 8,000)</u>	<u>( 14,000)</u>	<u>( 26,250)</u>
Increase (decrease) in net assets	( 501,341)	126,682	79,856
Net Assets Beginning of Year	<u>18,716,533</u>	<u>18,589,851</u>	<u>18,509,995</u>
Net Assets End of Year	<u>\$ 18,215,192</u>	<u>\$ 18,716,533</u>	<u>\$ 18,589,851</u>



## OPERATING LOSSES

The first component of the overall change in the Medical Center's net assets is its operating loss - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported an operating loss. This is consistent with the Medical Center's entire operating history. The Medical Center's operations were begun in 1937 as a county hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, making the facility more affordable for the County's lower income residents. In 2010, the operating loss was \$1,938,759. In 2011, the operating loss increased to \$2,453,065. In 2012, the operating loss increased to \$3,200,564 due to a combination of items.

The primary components of the higher operating loss are:

- 37% drop in Acute days
- 32% drop in Swing bed days
- Total operating revenues increased by 7.6% (\$1,373,932), while total operating expenses increased 10.4% (\$2,121,431) in 2012 over 2011. This resulted in an increase of \$747,499 in the operating loss.

## NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues consist primarily of property taxes levied by the Medical Center, grants mostly through our Public Health department and interest revenue and investment earnings. The change in property tax dollars was due to property valuation increases.

The decrease in investment income was a result of interest rates dropping over the last year and lower investment dollars.

## GRANTS, CONTRIBUTIONS, AND ENDOWMENTS

The Medical Center has received both capital and operating contributions from both the Greene County Medical Center Foundation and the GCMC Auxiliary over the last two years to fund new equipment and physician recruitment efforts. This year the Medical Center received \$109,716 from the two organizations for various projects.

In 2012 the Medical Center also received funds from the federal BTOP grants telehealth equipment and services.

## BUDGETARY HIGHLIGHTS

The official county budget of the Medical Center for the year ended June 30, 2012 was prepared on a modified accrual basis. Actual revenues and expenses were both below the budgeted figures due to lower volumes.

## THE MEDICAL CENTER'S CASH FLOWS

Changes in the Medical Center's cash flows are consistent with changes in operating losses and non-operating revenues and expenses, discussed earlier.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

At the end of 2012, the Medical Center had \$9.9 million invested in capital assets, net of accumulated depreciation, as detailed in Note G to the financial statements. In 2012, the Medical Center added \$1,686,396 in capital assets, 4% less than in 2011. The new assets were \$5,293 less than the \$1,691,689 in depreciation expense for the year.

### Construction in Progress:

The Medical Center completed a number of major projects during 2012. The information system projects related to the electronic medical record and the BTOP grant project were capitalized during the year resulting in a \$651,138 decrease in the Construction in Progress account during the year.

### Debt:

The Medical Center has incurred no additional long-term debt in 2012 and was able to pay down the outstanding debt by \$220,921.

## OTHER ECONOMIC FACTORS

The Medical Center considered many factors when setting the fiscal 2012 budget. Both local and national economic factors were considered, such as:

- Medicare and Medicaid reimbursement rates
- Privacy legislation (HIPAA)
- Market-driven cost of living salary increases
- Cost of supplies
- Capital purchases
- No major changes in local economic employment
- Physician recruitment

## CONTACTING THE MEDICAL CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration offices at Greene County Medical Center in Jefferson, Iowa.

\* \* \*

# GREENE COUNTY MEDICAL CENTER

## Balance Sheets

June 30,

### ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash	\$ 1,180,601	\$ 1,898,477
Patient receivables, less allowances for doubtful accounts and for contractual adjustments (\$1,422,521 in 2012, \$1,398,235 in 2011)	3,581,725	3,467,058
Accounts receivable - other	140,559	101,152
Inventory	247,623	253,903
Prepaid expense	526,208	560,681
Estimated third-party payor settlements	970,000	--
Succeeding year property tax receivable	1,562,000	1,501,000
Internally designated assets	<u>279,469</u>	<u>535,110</u>
Total current assets	8,488,185	8,317,381
Designated and Restricted Assets:		
Internally designated assets	3,486,010	4,819,384
Restricted assets	<u>382,051</u>	<u>387,485</u>
	3,868,061	5,206,869
Less amounts required to meet current liabilities	<u>279,469</u>	<u>535,110</u>
	3,588,592	4,671,759
Capital Assets:		
Depreciable capital assets, net	9,760,786	9,115,464
Non-depreciable capital assets	<u>181,805</u>	<u>832,943</u>
	9,942,591	9,948,407
Notes Receivable	<u>317,810</u>	<u>439,286</u>
Total assets	<u>\$ 22,337,178</u>	<u>\$ 23,376,833</u>

The accompanying notes are an integral part of these statements.

# LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 225,051	\$ 220,921
Accounts payable - trade	280,544	431,966
Accounts payable - plant	54,418	314,189
Accrued employee compensation	1,637,626	1,397,682
Deferred grant revenue	--	14,144
Estimated third-party payor settlements	--	193,000
Deferred revenue for succeeding year property tax receivable	<u>1,562,000</u>	<u>1,501,000</u>
Total current liabilities	3,759,639	4,072,902
Long-Term Debt:		
Note payable, less current maturities	118,519	140,741
Capital lease obligations, less current maturities	<u>243,828</u>	<u>446,657</u>
Total long-term debt	<u>362,347</u>	<u>587,398</u>
Total liabilities	4,121,986	4,660,300
Net Assets:		
Invested in capital assets, net of related debt	9,300,775	8,825,899
Restricted	382,051	387,485
Unrestricted	<u>8,532,366</u>	<u>9,503,149</u>
Total net assets	<u>18,215,192</u>	<u>18,716,533</u>
Total liabilities and net assets	<u>\$ 22,337,178</u>	<u>\$ 23,376,833</u>

GREENE COUNTY MEDICAL CENTER  
Statements of Revenues, Expenses and Changes in Net Assets  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Revenue:		
Net patient service revenue	\$ 19,142,421	\$ 17,741,073
Other revenue	<u>271,176</u>	<u>298,592</u>
Total revenue	19,413,597	18,039,665
Expenses:		
Nursing service	6,025,813	5,309,419
Other professional service	7,128,784	6,723,769
General service	2,676,081	2,621,647
Fiscal and administrative service	5,091,794	4,314,903
Provision for depreciation	<u>1,691,689</u>	<u>1,522,992</u>
Total expenses	<u>22,614,161</u>	<u>20,492,730</u>
Operating Loss	( 3,200,564)	( 2,453,065)
Non-Operating Revenues (Expenses):		
County taxes	1,557,202	1,238,074
Noncapital grants and contributions	751,911	924,429
Investment income	24,112	39,897
Interest expense	( 11,896)	( 16,183)
Gain on disposal of equipment	<u>2,301</u>	<u>--</u>
Non-operating revenues, net	<u>2,323,630</u>	<u>2,186,217</u>
Excess of Expenses Over Revenues Before Capital Grants and Contributions, and Scholarship Distributions	( 876,934)	( 266,848)
Capital Grants and Contributions	383,593	407,530
Medical Occupation Scholarship Distributions	<u>( 8,000)</u>	<u>( 14,000)</u>
Increase (Decrease) in Net Assets	( 501,341)	126,682
Net Assets Beginning of Year	<u>18,716,533</u>	<u>18,589,851</u>
Net Assets End of Year	<u>\$ 18,215,192</u>	<u>\$ 18,716,533</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER  
Statements of Cash Flows  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 17,825,347	\$ 17,746,145
Cash paid to suppliers	( 10,667,100)	( 9,514,295)
Cash paid to employees	( 10,004,621)	( 9,285,685)
Other revenue	<u>271,176</u>	<u>298,592</u>
Net cash used in operating activities	( 2,575,198)	( 755,243)
Cash flows from non-capital financing activities:		
County tax revenue	1,557,202	1,238,074
Noncapital grants and contributions	<u>737,767</u>	<u>938,573</u>
Net cash provided by non-capital financing activities	2,294,969	2,176,647
Cash flows from capital and related financing activities:		
Capital grants and contributions	383,593	407,530
Capital expenditures	( 616,605)	( 387,226)
Construction in progress expenditures	( 1,329,562)	( 1,084,523)
Proceeds from disposal of equipment	2,824	--
Principal paid on note payable	( 22,222)	( 22,222)
Principal paid on capital leases	( 198,699)	( 197,749)
Interest paid	<u>( 11,896)</u>	<u>( 16,183)</u>
Net cash used in capital and related financing activities	( 1,792,567)	( 1,300,373)
Cash flows from investing activities:		
Medical occupation scholarship distributions	( 8,000)	( 14,000)
Change in notes receivable	--	( 155,000)
Change in designated and restricted assets	1,248,496	359
Investment income	<u>24,112</u>	<u>39,897</u>
Net cash provided by (used in) investing activities	<u>1,264,608</u>	<u>( 128,744)</u>
Net decrease in cash and cash equivalents	( 808,188)	( 7,713)
Cash and cash equivalents at beginning of year	<u>3,722,919</u>	<u>3,730,632</u>
Cash and cash equivalents at end of year	<u>\$ 2,914,731</u>	<u>\$ 3,722,919</u>

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Statements of Cash Flows - Continued  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash in current assets	\$ 1,180,601	\$ 1,898,477
Cash and cash equivalents in designated and restricted assets	<u>1,734,130</u>	<u>1,824,442</u>
Total cash and cash equivalents	<u>\$ 2,914,731</u>	<u>\$ 3,722,919</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$( 3,200,564)	\$( 2,453,065)
Adjustments to reconcile operating loss to net cash used in operating activities		
Provision for depreciation	1,691,689	1,522,992
Amortization of notes receivable	121,476	73,571
Change in assets and liabilities		
Accounts receivable	( 154,074)	288,072
Inventory	6,280	( 10,351)
Prepaid expense	34,473	( 159,378)
Accounts payable - trade	( 151,422)	28,285
Accrued employee compensation	239,944	237,631
Estimated third-party payor settlements	<u>( 1,163,000)</u>	<u>( 283,000)</u>
Total adjustments	<u>625,366</u>	<u>1,697,822</u>
Net cash used in operating activities	<u>\$( 2,575,198)</u>	<u>\$( 755,243)</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

1. Reporting Entity

Greene County Medical Center (the Hospital) is a critical access county hospital which provides inpatient, outpatient, long-term care, and other related healthcare services. The Hospital is organized under Chapter 347 of the Code of Iowa, accordingly is a political subdivision of the State of Iowa, and is therefore exempt from federal and state income taxes. It is governed by a seven member board of trustees elected for six year terms. The Hospital has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an organization's governing body, and (a) the Hospital's ability to impose its will on that organization, or (b) the potential for the organization to provide benefits to or impose financial burdens on the Hospital. The Hospital has identified one component unit: Greene County Medical Center Foundation (the Foundation). Substantially all of the economic resources of the Foundation are designated for the direct benefit of the Hospital. The Hospital received \$69,570 in contributions from the Foundation during the year ended June 30, 2012 (\$222,781 in 2011). Blending of the Foundation with the Hospital would result in an increase in total net assets of approximately \$2,594,000 (\$2,631,000 in 2011) and a decrease in the change in net assets of approximately \$37,000 (\$862,000 increase in 2011) for the year ended June 30, 2012.

2. Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), that do not conflict with or contradict GASB pronouncements.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including designated and restricted assets.



GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

5. Inventory Valuation

Inventory is valued at the lower of cost (first-in, first-out method) or market.

6. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned, unless restricted by donor or law.

7. Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of one year and cost in excess of \$5,000 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (fifteen to forty years for buildings and land improvements and two to twenty years for equipment).

8. Costs of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital did not capitalize any interest cost in either 2012 or 2011.

9. Compensated Absences

Hospital employees earn paid time off hours at varying rates depending on years of service. Paid time off accumulates to a maximum of 480 hours. Paid time off benefits stop accruing once the maximum hours are reached. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

10. Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

11. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

12. Property Tax Levy

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied. Property tax revenue is reported as non-operating revenue when collected by the County Treasurer.

13. Grants and Contributions

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

14. Endowments

Endowments are provided to the Hospital on a voluntary basis by individuals and private organizations. *Permanent* endowments require that the principal or corpus of the endowment be retained in perpetuity. If a donor has not provided specific instructions, law permits the Board of Trustees to authorize for expenditure the net appreciation of the investments of endowment funds, as discussed in Note C.

15. Restricted Resources

Use of restricted or unrestricted resources for individual projects is determined by the Hospital Board of Trustees based on the facts regarding each specific situation.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

16. Net Assets

Net assets of the Hospital are classified in three components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net assets* are noncapital net assets that must be used for a particular purpose or permanent endowments, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt or restricted*.

17. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Revenue from services to these patients is automatically recorded in the accounting system at the established rates, but the Hospital does not pursue collection of the amounts. The resulting adjustments are recorded as bad debts or charity service depending on the timing of the charity determination.

NOTE B - THIRD-PARTY PAYOR ARRANGEMENTS

A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid - Inpatient services and most outpatient services related to program beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for the cost of services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediaries. The Hospital's Medicare and Medicaid cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2010. However, finalized cost reports are subject to re-opening by the intermediaries within three years after the date of finalization. Outpatient services not paid based on a cost reimbursement methodology are paid based on a prospectively determined fee schedule.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE C - ENDOWMENTS AND RESTRICTED NET ASSETS

Restricted expendable net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Healthcare occupation student loans and scholarships	\$ <u>107,051</u>	\$ <u>112,485</u>

Unless the contributor provides specific instructions, law permits the Hospital Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments in its endowments. When administering its power to spend net appreciation, the Board of Trustees is required to consider the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes designated by the contributor.

The Board of Trustees has chosen to spend the investment income and appreciation on the endowment fund while maintaining adequate amounts of earnings to maintain the principal original value. Any decreases in principal value will be replaced by retaining income in future years to return the principal to its original value.

Restricted nonexpendable net assets as of June 30, 2012 and 2011 represent the principal amounts of permanent endowments, restricted to investment in perpetuity. Investment earnings from the Hospital's permanent endowments are expendable to support these programs as established by the contributor:

	<u>2012</u>	<u>2011</u>
Healthcare occupation student loans and scholarships	\$ <u>275,000</u>	\$ <u>275,000</u>

Following is a summary of the use of temporarily restricted net assets during the year ended June 30:

	<u>2012</u>	<u>2011</u>
Purchase of property and equipment	\$ 383,593	\$ 407,530
Medical occupation scholarships	<u>8,000</u>	<u>14,000</u>
	<u>\$ 391,593</u>	<u>\$ 421,530</u>

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE D - DESIGNATED NET ASSETS

Of the \$8,532,366 (\$9,503,149 as of June 30, 2011) of unrestricted net assets as of June 30, 2012, \$3,486,010 (\$4,819,384 for 2011) has been designated by the Hospital's Board of Trustees for purposes indicated in the following schedule. These assets remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes.

	<u>2012</u>	<u>2011</u>
Capital acquisitions	<u>\$ 3,486,010</u>	<u>\$ 4,819,384</u>

NOTE E - DEPOSITS AND INVESTMENTS

The Hospital's deposits at June 30, 2012 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Investments are stated as indicated in Note A.

The Hospital is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The composition of designated and restricted assets is as follows:

	<u>2012</u>	<u>2011</u>
Internally Designated Assets:		
Cash and cash equivalents	\$ 1,696,879	\$ 1,800,000
Certificates of deposit	1,787,231	3,016,615
Interest receivable	<u>1,900</u>	<u>2,769</u>
	<u>\$ 3,486,010</u>	<u>\$ 4,819,384</u>
Restricted Assets:		
Cash and cash equivalents	\$ 37,251	\$ 24,442
Certificates of deposit	270,000	270,867
Notes receivable	74,477	91,614
Interest receivable	<u>323</u>	<u>562</u>
	<u>\$ 382,051</u>	<u>\$ 387,485</u>

The Hospital's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Hospital.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE F - ACCOUNTS RECEIVABLE AND CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011, was as follows:

	<u>2012</u>	<u>2011</u>
Receivable from:		
Patients	\$ 2,401,378	\$ 2,488,884
Medicare	1,372,440	1,060,701
Medicaid	290,017	277,359
Wellmark	541,436	627,144
Other commercial insurance carriers	<u>398,975</u>	<u>411,205</u>
	5,004,246	4,865,293
Less allowances for doubtful accounts and contractual adjustments	<u>1,422,521</u>	<u>1,398,235</u>
	<u>\$ 3,581,725</u>	<u>\$ 3,467,058</u>

NOTE G - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2012 and 2011 were as follows:

<u>Cost</u>	<u>Balance 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2012</u>
Land Improvements	\$ 586,933	\$ --	\$ --	\$ 586,933
Buildings	7,718,444	26,066	--	7,744,510
Fixed Equipment	9,054,526	--	--	9,054,526
Major Movable Equipment	<u>5,950,267</u>	<u>2,311,468</u>	<u>613,935</u>	<u>7,647,800</u>
	23,310,170	2,337,534	613,935	25,033,769
<u>Depreciation</u>				
Land Improvements	415,859	16,694	--	432,553
Buildings	4,548,474	227,421	--	4,775,895
Fixed Equipment	6,084,382	411,664	--	6,496,046
Major Movable Equipment	<u>3,145,991</u>	<u>1,035,910</u>	<u>613,412</u>	<u>3,568,489</u>
Total Depreciation	<u>14,194,706</u>	<u>1,691,689</u>	<u>613,412</u>	<u>15,272,983</u>
Depreciable Capital Assets, Net	<u>\$ 9,115,464</u>	<u>\$ 645,845</u>	<u>\$ 523</u>	<u>\$ 9,760,786</u>
Land	\$ 36,673	\$ --	\$ --	\$ 36,673
Construction in Progress	<u>796,270</u>	<u>1,099,824</u>	<u>1,750,962</u>	<u>145,132</u>
Total Non-Depreciable Capital Assets	<u>\$ 832,943</u>	<u>\$ 1,099,824</u>	<u>\$ 1,750,962</u>	<u>\$ 181,805</u>

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE G - CAPITAL ASSETS - Continued

<u>Cost</u>	<u>Balance 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2011</u>
Land Improvements	\$ 580,401	\$ 6,532	\$ --	\$ 586,933
Buildings	7,666,797	51,647	--	7,718,444
Fixed Equipment	8,114,901	939,625	--	9,054,526
Major Movable Equipment	<u>5,275,916</u>	<u>674,351</u>	<u>--</u>	<u>5,950,267</u>
	21,638,015	1,672,155	--	23,310,170
<u>Depreciation</u>				
Land Improvements	398,863	16,996	--	415,859
Buildings	4,312,820	235,654	--	4,548,474
Fixed Equipment	5,710,870	373,512	--	6,084,382
Major Movable Equipment	<u>2,249,161</u>	<u>896,830</u>	<u>--</u>	<u>3,145,991</u>
Total Depreciation	<u>12,671,714</u>	<u>1,522,992</u>	<u>--</u>	<u>14,194,706</u>
Depreciable Capital Assets, Net	<u>\$ 8,966,301</u>	<u>\$ 149,163</u>	<u>\$ --</u>	<u>\$ 9,115,464</u>
Land	\$ 36,673	\$ --	\$ --	\$ 36,673
Construction in Progress	<u>702,897</u>	<u>1,348,269</u>	<u>1,254,896</u>	<u>796,270</u>
Total Non-Depreciable Capital Assets	<u>\$ 739,570</u>	<u>\$ 1,348,269</u>	<u>\$ 1,254,896</u>	<u>\$ 832,943</u>

NOTE H - NON-CURRENT LIABILITIES

A schedule of changes in the Hospital's non-current liabilities for the years ended June 30, 2012 and 2011 follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Long-Term Debt:					
Rural Economic Development Loan	\$ 162,963	\$ --	\$ 22,222	\$ 140,741	\$ 22,222
Capital Lease Obligations	<u>645,356</u>	<u>--</u>	<u>198,699</u>	<u>446,657</u>	<u>202,829</u>
Total of Non-Current Liabilities	<u>\$ 808,319</u>	<u>\$ --</u>	<u>\$ 220,921</u>	<u>\$ 587,398</u>	<u>\$ 225,051</u>

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE H - NON-CURRENT LIABILITIES - Continued

	<u>Balance 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2011</u>	<u>Current Portion</u>
Long-Term Debt:					
Rural Economic Development Loan	\$ 185,185	\$ --	\$ 22,222	\$ 162,963	\$ 22,222
Capital Lease Obligations	<u>843,105</u>	<u>--</u>	<u>197,749</u>	<u>645,356</u>	<u>198,699</u>
Total of Non-Current Liabilities	<u>\$1,028,290</u>	<u>\$ --</u>	<u>\$ 219,971</u>	<u>\$ 808,319</u>	<u>\$ 220,921</u>

In October, 2008, the Hospital borrowed \$200,000 through the Midland Power Cooperative under the Rural Economic Development Loan and Grant Program. The loan is non-interest bearing and is due in monthly installments of \$1,852 for 108 months which began October, 2009. The loan is collateralized by the Hospital's net revenues.

The combined annual debt service on the loan and capital lease obligations is expected to require less than 30% of cash flow available for debt service. For the current year, debt service and cash flow available for debt service were approximately \$233,000 and \$819,000 respectively.

Assets recorded under capital leases consist of major movable equipment items with totals as follows:

	<u>2012</u>	<u>2011</u>
Cost	\$ 999,564	\$ 999,564
Less: Accumulated Amortization	<u>546,939</u>	<u>344,071</u>
Net Book Value	<u>\$ 452,625</u>	<u>\$ 655,493</u>

Scheduled principal and interest repayments on long-term debt are as follows:

Year ending June 30,	<u>Long-Term Debt</u>		<u>Capital Leases</u>		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 22,222	\$ --	\$ 202,829	\$ 7,765	\$ 232,816
2014	22,222	--	178,737	3,666	204,625
2015	22,222	--	65,091	591	87,904
2016	22,222	--	--	--	22,222
2017	22,222	--	--	--	22,222
2018-2019	<u>29,631</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>29,631</u>
	<u>\$ 140,741</u>	<u>\$ --</u>	<u>\$ 446,657</u>	<u>\$ 12,022</u>	<u>\$ 599,420</u>



GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE I - PENSION AND RETIREMENT BENEFITS

The Hospital contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% (5.78% beginning July 1, 2012) of their annual salary and the Hospital is required to contribute 8.07% (8.67% beginning July 1, 2012) of annual covered payroll. Contribution requirements are established by State statute. The Hospital's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010, were approximately \$810,200, \$658,500, and \$583,200, respectively, equal to the required contributions for each year.

NOTE J - COMMITMENTS AND CONTINGENCIES

Risk Management

The Hospital is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Management believes that the malpractice insurance coverage is adequate to cover all asserted and any unasserted claims, therefore no related liability has been accrued. Greene County Medical Center is exposed to various other common business risks for which it is covered by commercial insurance. Settled claims from these risks have not exceeded insurance coverage during the past three years.

Construction in Progress

At June 30, 2012, the Hospital had incurred costs totaling \$61,675 related to a master plan for the Hospital facility. This project is still in the investigation stages with no commitments existing as of the date of this report.

The remaining \$83,457 in construction in progress at June 30, 2012 is related to various small projects for which no material commitments exist as of the date of this report.

Notes Receivable

The notes receivable represent funds advanced under agreements with healthcare professionals now practicing in the Jefferson community. The funds were partially provided by Greene County Medical Center Foundation through a grant to the Hospital. The agreements include commitments by the healthcare professionals to provide medical services in the community for a specified period of years. In exchange for the commitments of time and services, the Hospital will forgive the notes over the terms of the commitments.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2012 and 2011

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Other Post Employment Benefits (OPEB)

Plan Description: As required by state law, the Hospital offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Hospital employees, and the retiree must pay a health insurance premium equal to that charged for current employees. There are 181 active employees and 3 retirees currently covered by the plan.

Potential for Liability: A review of the Hospital's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

Subsequent Event

The Hospital has evaluated all subsequent events through December 4, 2012, the date the financial statements were available to be issued.

\* \* \*

## REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER  
Budgetary Comparison Schedule  
Year ended June 30, 2012

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Auditing Standards. In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearings. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. The following is a reconciliation between reported amounts and the modified accrual basis used to prepare the budget. The adjustments result from accounting for interest, amortization, capital expenditures, restricted fund expenditures, and net assets differently for financial statement and budget purposes.

	Per Financial Statements		
	Unrestricted Fund	Restricted Fund	Total
Amount raised by taxation	\$ 1,557,202	\$ --	\$ 1,557,202
Other revenues	20,177,459	386,159	20,563,618
Transfers in (out)	<u>383,593</u>	<u>( 383,593)</u>	<u>--</u>
	22,118,254	2,566	22,120,820
Expenses	<u>22,614,161</u>	<u>8,000</u>	<u>22,622,161</u>
Net	( 495,907)	( 5,434)	( 501,341)
Balance beginning of year	<u>18,329,048</u>	<u>387,485</u>	<u>18,716,533</u>
Balance end of year	<u>\$ 17,833,141</u>	<u>\$ 382,051</u>	<u>\$ 18,215,192</u>

  

	Total Per Financial Statements	Budget Adjustments	Budget Basis	Adopted Budget
Amount raised by taxation	\$ 1,557,202	\$ --	\$ 1,557,202	\$ 1,544,634
Other revenues	<u>20,563,618</u>	<u>333,888</u>	<u>20,897,506</u>	<u>23,658,931</u>
	22,120,820	333,888	22,454,708	25,203,565
Expenses	<u>22,622,161</u>	<u>1,898,808</u>	<u>24,520,969</u>	<u>25,616,183</u>
Net	( 501,341)	( 1,564,920)	( 2,066,261)	( 412,618)
Balance beginning of year	<u>18,716,533</u>	<u>( 684,155)</u>	<u>18,032,378</u>	<u>18,032,378</u>
Balance end of year	<u>\$ 18,215,192</u>	<u>\$( 2,249,075)</u>	<u>\$ 15,966,117</u>	<u>\$ 17,619,760</u>

See Independent Auditor's Report.

## SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER  
Patient Receivables  
June 30,

Analysis of Aging:

<u>Days Since Discharge</u>	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>Percent to Total</u>	<u>Amount</u>	<u>Percent to Total</u>
0 - 30	\$ 2,402,189	48.0%	\$ 1,899,693	39.0%
31 - 60	386,401	7.7	566,875	11.7
61 - 90	243,591	4.9	230,609	4.7
91 - 120	162,663	3.3	160,807	3.3
120 and over	1,809,402	36.1	2,007,309	41.3
	<u>5,004,246</u>	<u>100.0%</u>	<u>4,865,293</u>	<u>100.0%</u>
Allowance for doubtful accounts	892,521		981,235	
Allowance for contractual adjustments	<u>530,000</u>		<u>417,000</u>	
	<u>\$ 3,581,725</u>		<u>\$ 3,467,058</u>	

Allowance for Doubtful Accounts:

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Balance, beginning	\$ 981,235	\$ 974,245
Provision for bad debts	741,999	744,302
Recoveries of accounts previously written off	<u>41,302</u>	<u>40,411</u>
	1,764,536	1,758,958
Accounts written off	<u>872,015</u>	<u>777,723</u>
Balance, ending	<u>\$ 892,521</u>	<u>\$ 981,235</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Inventory/Prepaid Expense  
June 30,

	<u>2012</u>	<u>2011</u>
<u>Inventory</u>		
Medical and surgical	\$ 102,986	\$ 101,423
Dietary	8,644	8,079
Pharmacy	67,560	75,951
Laboratory and radiology	50,195	50,115
Maintenance	<u>18,238</u>	<u>18,335</u>
	<u>\$ 247,623</u>	<u>\$ 253,903</u>
<u>Prepaid Expense</u>		
Health insurance	\$ 178,341	\$ 151,507
Other insurance	76,262	184,870
Service contracts and dues	<u>271,605</u>	<u>224,304</u>
	<u>\$ 526,208</u>	<u>\$ 560,681</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Patient Service Revenue  
Year ended June 30,

	2012		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Swing Bed</u>
Daily Patient Services:			
Medical, surgical and obstetric	\$ 862,426	\$ 181,198	\$ 384,225
Long-term care	--	--	15,429
Coronary care	56,320	--	--
Nursery	47,953	--	--
	<u>966,699</u>	<u>181,198</u>	<u>399,654</u>
Other Nursing Services:			
Operating room	510,386	1,949,644	83
Delivery and labor rooms	67,953	57,090	--
Central services and supply	967,270	597,435	63,322
Emergency service	131,931	1,550,570	--
Cardiac rehabilitation	960	138,087	4,320
Treatment room	1,401	98,752	--
	<u>1,679,901</u>	<u>4,391,578</u>	<u>67,725</u>
Other Professional Services:			
Emergency room physicians	33,830	586,403	--
Anesthesiology	138,644	414,822	643
Laboratory	215,590	2,958,721	38,407
Radiology	51,109	1,666,717	8,317
Nuclear medicine	100,512	1,611,836	16,833
Pharmacy	557,728	1,015,201	288,078
Electrocardiology	18,870	108,290	680
Physical therapy	34,592	625,145	60,545
Inhalation therapy	129,259	629,526	35,317
Diabetic education	--	85,768	--
Speech therapy	2,268	16,153	6,928
Occupational therapy	28,609	95,334	56,572
Physician clinic	--	968,210	--
Public health	--	670,192	--
	<u>1,311,011</u>	<u>11,452,318</u>	<u>512,320</u>
	<u>\$ 3,957,611</u>	<u>\$ 16,025,094</u>	<u>\$ 979,699</u>

See Independent Auditor's Report.



<u>2012</u>		<u>2011</u>
<u>LTC</u>	<u>Total</u>	<u>Total</u>
\$ --	\$ 1,427,849	\$ 1,917,426
3,214,582	3,230,011	2,993,822
--	56,320	132,800
--	47,953	44,044
<u>3,214,582</u>	<u>4,762,133</u>	<u>5,088,092</u>
--	2,460,113	2,080,390
--	125,043	101,792
73,165	1,701,192	1,257,965
--	1,682,501	1,279,730
--	143,367	159,427
--	100,153	171,089
<u>73,165</u>	<u>6,212,369</u>	<u>5,050,393</u>
--	620,233	385,663
--	554,109	502,012
--	3,212,718	3,058,393
--	1,726,143	1,592,362
--	1,729,181	1,601,630
132	1,861,139	2,425,385
--	127,840	97,881
--	720,282	691,182
194	794,296	824,903
--	85,768	80,785
--	25,349	18,222
--	180,515	191,923
--	968,210	740,301
--	670,192	703,960
<u>326</u>	<u>13,275,975</u>	<u>12,914,602</u>
<u>\$ 3,288,073</u>	<u>\$ 24,250,477</u>	<u>\$ 23,053,087</u>

GREENE COUNTY MEDICAL CENTER  
Revenue and Related Adjustments  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
<u>Net Patient Service Revenue</u>		
Patient service revenue	\$ 24,250,477	\$ 23,053,087
Contractual adjustments	( 4,249,317)	( 4,411,479)
Provision for bad debts	( 741,999)	( 744,302)
Public health adjustments	( 45,471)	( 23,235)
Charity care	( 139,516)	( 212,656)
Adjustments to long-term care revenue	<u>68,247</u>	<u>79,658</u>
	<u>\$ 19,142,421</u>	<u>\$ 17,741,073</u>
 <u>Other Revenue</u>		
Meals sold	\$ 104,631	\$ 98,782
Public health revenue	83,524	82,133
Rental income	79,728	78,558
Ever Greene Ridge operations, net	( 29,698)	( 22,045)
Ancillary service coverage revenue	1,440	11,460
Purchase discounts	22,414	41,989
Medical record transcripts	5,135	4,275
Sale of x-ray film	999	678
In-service revenue	1,695	1,175
Miscellaneous	<u>1,308</u>	<u>1,587</u>
	<u>\$ 271,176</u>	<u>\$ 298,592</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Nursing Service Expenses  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Administrative:		
Salaries and wages	\$ 189,722	\$ 162,064
Employee benefits	28,452	26,922
Supplies and other expense	<u>1,925</u>	<u>2,828</u>
	220,099	191,814
Education:		
Supplies and other expense	3,968	1,494
Medical and Surgical:		
Salaries and wages	1,460,097	1,314,065
Employee benefits	230,592	183,503
Supplies and other expense	<u>198,700</u>	<u>135,231</u>
	1,889,389	1,632,799
Long-Term Care:		
Salaries and wages	1,252,586	1,210,639
Employee benefits	182,861	165,873
Supplies and other expense	<u>110,142</u>	<u>77,666</u>
	1,545,589	1,454,178
Coronary Care:		
Salaries and wages	14,252	11,071
Employee benefits	2,147	1,572
Supplies and other expense	<u>4,073</u>	<u>4,325</u>
	20,472	16,968
Obstetric:		
Salaries and wages	141,488	125,244
Employee benefits	21,731	17,950
Supplies and other expense	<u>25,234</u>	<u>25,968</u>
	188,453	169,162
Nursery:		
Salaries and wages	11,461	8,804
Employee benefits	<u>1,773</u>	<u>1,265</u>
	13,234	10,069
Operating Room:		
Salaries and wages	383,912	329,453
Employee benefits	56,465	45,228
Supplies and other expense	<u>1,057,038</u>	<u>820,763</u>
	1,497,415	1,195,444

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Nursing Service Expenses - Continued  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Delivery and Labor Rooms:		
Salaries and wages	\$ 6,868	\$ 7,052
Employee benefits	<u>1,064</u>	<u>1,015</u>
	7,932	8,067
Central Services and Supply:		
Salaries and wages	192,075	166,464
Employee benefits	26,864	24,906
Supplies and other expense	<u>8,330</u>	<u>12,815</u>
	227,269	204,185
Emergency Service:		
Salaries and wages	268,116	253,765
Employee benefits	40,677	36,264
Supplies and other expense	<u>71,207</u>	<u>47,434</u>
	380,000	337,463
Eldercare:		
Salaries and wages	--	23,130
Employee benefits	--	4,187
Supplies and other expense	<u>--</u>	<u>1,016</u>
	--	28,333
Cardiac Rehabilitation:		
Salaries and wages	20,941	26,028
Employee benefits	3,268	3,779
Supplies and other expense	<u>6,598</u>	<u>7,390</u>
	30,807	37,197
Treatment Room:		
Salaries and wages	469	18,738
Employee benefits	72	2,735
Supplies and other expense	<u>645</u>	<u>773</u>
	1,186	22,246
	<u>\$ 6,025,813</u>	<u>\$ 5,309,419</u>

SUMMARY

Salaries and wages	\$ 3,941,987	\$ 3,656,517
Employee benefits	595,966	515,199
Supplies and other expense	<u>1,487,860</u>	<u>1,137,703</u>
	<u>\$ 6,025,813</u>	<u>\$ 5,309,419</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Other Professional Service Expenses  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Emergency Room Physicians:		
Professional fees	\$ 909,895	\$ 735,664
Anesthesiology:		
Professional fees	328,134	301,996
Supplies and other expense	<u>19,819</u>	<u>40,227</u>
	347,953	342,223
Laboratory:		
Salaries and wages	321,364	329,825
Employee benefits	48,190	45,249
Professional fees	3,281	2,888
Purchased services	125,328	115,291
Supplies and other expense	<u>300,877</u>	<u>333,597</u>
	799,040	826,850
Radiology:		
Salaries and wages	375,578	343,953
Employee benefits	57,358	48,868
Supplies and other expense	<u>263,591</u>	<u>214,562</u>
	696,527	607,383
Nuclear Medicine:		
Purchased services	97,125	103,225
Supplies and other expense	<u>19,868</u>	<u>26,789</u>
	116,993	130,014
Pharmacy:		
Salaries and wages	248,819	228,268
Employee benefits	37,941	31,749
Drugs	218,342	318,762
Supplies and other expense	<u>121,453</u>	<u>63,379</u>
	626,555	642,158
Electrocardiology:		
Salaries and wages	12,458	9,688
Employee benefits	1,958	1,339
Professional fees	<u>9,060</u>	<u>7,284</u>
	23,476	18,311

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Other Professional Service Expenses - Continued  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Physical Therapy:		
Salaries and wages	\$ 350,755	\$ 316,573
Employee benefits	53,563	49,671
Professional fees	813	1,736
Supplies and other expense	<u>18,131</u>	<u>20,308</u>
	423,262	388,288
Inhalation Therapy:		
Salaries and wages	158,967	150,326
Employee benefits	23,935	21,292
Oxygen	27,808	32,730
Supplies and other expense	<u>132,568</u>	<u>141,283</u>
	343,278	345,631
Diabetic Education:		
Salaries and wages	137,481	123,212
Employee benefits	21,507	16,349
Supplies and other expense	<u>3,554</u>	<u>4,366</u>
	162,542	143,927
Speech Therapy:		
Supplies and other expense	12,630	9,740
Occupational Therapy:		
Salaries and wages	45,105	44,051
Employee benefits	7,045	6,134
Supplies and other expense	<u>3,140</u>	<u>3,791</u>
	55,290	53,976
Physician Clinic:		
Salaries and wages	920,734	748,026
Employee benefits	71,935	61,529
Supplies and other expense	<u>123,994</u>	<u>270,502</u>
	1,116,663	1,080,057
Public Health:		
Salaries and wages	900,418	845,594
Employee benefits	130,247	111,995
Professional fees	800	800
Supplies and other expense	<u>140,575</u>	<u>114,651</u>
	1,172,040	1,073,040

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Other Professional Service Expenses - Continued  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Medical Records:		
Salaries and wages	\$ 250,094	\$ 248,768
Employee benefits	36,914	36,048
Supplies and other expense	<u>35,632</u>	<u>41,691</u>
	<u>322,640</u>	<u>326,507</u>
	<u>\$ 7,128,784</u>	<u>\$ 6,723,769</u>

SUMMARY

Salaries and wages	\$ 3,721,773	\$ 3,388,284
Employee benefits	490,593	430,223
Professional fees	1,251,983	1,050,368
Supplies and other expense	<u>1,664,435</u>	<u>1,854,894</u>
	<u>\$ 7,128,784</u>	<u>\$ 6,723,769</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
General Service Expenses  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Dietary:		
Salaries and wages	\$ 572,235	\$ 553,568
Employee benefits	83,018	78,421
Food	318,686	314,839
Supplies and other expense	<u>54,998</u>	<u>72,010</u>
	1,028,937	1,018,838
Housekeeping:		
Salaries and wages	288,499	251,957
Employee benefits	43,706	36,407
Supplies and other expense	<u>90,960</u>	<u>78,293</u>
	423,165	366,657
Laundry and Linen:		
Salaries and wages	134,505	126,757
Employee benefits	17,224	16,262
Supplies and other expense	<u>5,623</u>	<u>2,301</u>
	157,352	145,320
Operation of Plant:		
Salaries and wages	313,886	311,169
Employee benefits	47,490	43,625
Utilities	402,784	425,070
Supplies and other expense	129,824	115,623
Purchased services	<u>172,643</u>	<u>195,345</u>
	1,066,627	1,090,832
	<u>\$ 2,676,081</u>	<u>\$ 2,621,647</u>

SUMMARY

Salaries and wages	\$ 1,309,125	\$ 1,243,451
Employee benefits	191,438	174,715
Supplies and other expense	<u>1,175,518</u>	<u>1,203,481</u>
	<u>\$ 2,676,081</u>	<u>\$ 2,621,647</u>

See Independent Auditor's Report.



GREENE COUNTY MEDICAL CENTER  
Fiscal and Administrative Service Expenses  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Fiscal:		
Salaries and wages	\$ 492,451	\$ 581,367
Employee benefits	76,114	79,809
Professional fees	2,060	1,323
Collection fees	32,486	44,225
Supplies and other expense	<u>61,254</u>	<u>47,684</u>
	664,365	754,408
Personnel:		
Salaries and wages	145,815	113,493
Employee benefits	21,739	16,171
Supplies and other expense	<u>46,198</u>	<u>19,445</u>
	213,752	149,109
Administrative:		
Salaries and wages	201,966	204,439
Employee benefits	54,327	47,052
Professional fees	474,431	154,162
Dues	48,098	43,758
Telephone	54,484	50,319
Supplies and other expense	<u>70,336</u>	<u>72,879</u>
	903,642	572,609
Information Systems:		
Salaries and wages	275,505	185,416
Employee benefits	41,164	25,297
Supplies and other expense	<u>596,310</u>	<u>500,105</u>
	912,979	710,818
Medical Care Evaluation:		
Salaries and wages	100,166	94,628
Employee benefits	14,981	13,121
Professional fees	7,294	6,404
Supplies and other expense	<u>1,580</u>	<u>3,374</u>
	124,021	117,527
Marketing:		
Salaries and wages	55,777	55,721
Employee benefits	7,766	8,616
Supplies and other expense	<u>62,807</u>	<u>43,764</u>
	126,350	108,101

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Fiscal and Administrative Service Expenses - Continued  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Insurance:		
Insurance and bonding	\$ 145,370	\$ 176,115
Medical Staff:		
Professional fees	138,166	131,250
Supplies and other expense	<u>144,239</u>	<u>92,494</u>
	282,405	223,744
Employee Welfare:		
Employee insurance	1,489,216	1,297,697
Workers' compensation insurance	191,622	161,154
Other employee benefits	20,877	26,535
Life insurance	<u>17,195</u>	<u>17,086</u>
	<u>1,718,910</u>	<u>1,502,472</u>
	<u>\$ 5,091,794</u>	<u>\$ 4,314,903</u>

SUMMARY

Salaries and wages	\$ 1,271,680	\$ 1,235,064
Employee benefits	1,935,001	1,692,538
Professional fees	621,951	293,139
Supplies and other expense	<u>1,263,162</u>	<u>1,094,162</u>
	<u>\$ 5,091,794</u>	<u>\$ 4,314,903</u>

SUMMARY OF EXPENSES

Salaries and wages	\$ 10,244,565	\$ 9,523,316
Employee benefits	3,212,998	2,812,675
Professional fees	1,873,934	1,343,507
Supplies and other expense	<u>5,590,975</u>	<u>5,290,240</u>
	<u>\$ 20,922,472</u>	<u>\$ 18,969,738</u>

See Independent Auditor's Report.

**GREENE COUNTY MEDICAL CENTER**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs		
Iowa Department of Public Health		
Public Health Emergency Preparedness	93.069	5881BT37
Public Health Emergency Preparedness	93.069	5881BT337
Public Health Emergency Preparedness	93.069	5882BT37
Critical Access Hospital Grant Program for Improved Information Technology	93.241	5881CA13
I-4 Project (Immunization)	93.268	5881I486
I-4 Project (Immunization)	93.268	5882I486
Small Rural Hospital Improvement Grant Program	93.301	5881SH24
Hospital Preparedness Program	93.889	5882BHP05
Total Iowa Department of Public Health		
Calhoun County Public Health		
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	5882NB04
Partnership 4 Families		
Early Childhood Funds Under Empowerment	93.558	ACFS-12-010
Webster County Health Department		
Maternal Health	93.994	5881MH31
Child Health	93.994	5881MH31
Maternal Health	93.994	5882MH31
Child Health	93.994	5882MH31
Total Webster County Public Health		
Total U.S. Department of Health and Human Services		
U.S. Department of Commerce		
Indirect Programs		
Central Iowa Hospital Corporation		
ARRA-Broadband Technology Opportunities Program	11.557	19-43-B10575
Total Expenditures of Federal Awards		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Greene County Medical Center, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
08/10/10 to 08/09/11	\$ 3,382
08/01/10 to 07/30/11	4,507
08/10/11 to 08/09/12	<u>14,285</u>
	22,174
06/01/11 to 08/31/11	14,370
01/01/11 to 12/31/11	2,973
01/01/12 to 12/31/12	<u>4,511</u>
	7,484
10/01/10 to 08/31/11	7,405
07/01/11 to 06/30/12	<u>14,487</u>
	<u>65,920</u>
06/30/11 to 06/29/12	1,075
07/01/11 to 06/30/12	13,189
10/01/10 to 09/30/11	43
10/01/10 to 09/30/11	713
10/01/11 to 09/30/12	1,189
10/01/11 to 09/30/12	<u>2,237</u>
	<u>4,182</u>
	84,366
09/01/10 to 08/31/13	<u>679,199</u>
	<u>\$ 763,565</u>

GREENE COUNTY MEDICAL CENTER  
Comparative Statistics  
Year ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Acute Care:					
Admissions	329	478	470	449	433
Discharges	330	476	469	454	430
Patient Days	933	1,476	1,492	1,326	1,387
Average Length of Stay	2.83	3.10	3.18	2.92	3.23
Average Occupied Beds	2.5	4.0	4.1	3.6	3.8
Swing Bed:					
Admissions	91	111	146	151	144
Discharges	93	111	147	150	147
SNF Days	903	1,158	1,163	1,017	1,268
ICF Days	91	304	175	134	132
Combined Average Occupied Beds	5.3	8.0	7.8	6.8	7.6
Nursery Days	79	77	114	84	125
Long-Term Care Patient Days	19,862	19,608	20,871	22,316	23,013
Outpatient Occasions of Service	26,829	26,236	24,313	25,166	23,842

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Comparative Balance Sheets  
June 30,

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash	\$ 1,180,601	\$ 1,898,477
Receivables, net	3,722,284	3,568,210
Inventory	247,623	253,903
Prepaid expense	526,208	560,681
Estimated third-party payor settlements	970,000	--
Succeeding year property tax receivable	1,562,000	1,501,000
Internally designated assets	<u>279,469</u>	<u>535,110</u>
Total current assets	8,488,185	8,317,381
Other Assets:		
Internally designated and restricted assets, net	3,588,592	4,671,759
Capital assets, net	9,942,591	9,948,407
Notes receivable	<u>317,810</u>	<u>439,286</u>
Total other assets	<u>13,848,993</u>	<u>15,059,452</u>
	<u>\$ 22,337,178</u>	<u>\$ 23,376,833</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 225,051	\$ 220,921
Accounts payable	334,962	746,155
Accrued expenses	1,637,626	1,397,682
Deferred grant revenue	--	14,144
Estimated third-party payor settlements	--	193,000
Deferred revenue for succeeding year property tax receivable	<u>1,562,000</u>	<u>1,501,000</u>
Total current liabilities	3,759,639	4,072,902
Long-Term Debt	362,347	587,398
Net Assets	<u>18,215,192</u>	<u>18,716,533</u>
Total liabilities and net assets	<u>\$ 22,337,178</u>	<u>\$ 23,376,833</u>

See Independent Auditor's Report.

<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,921,674	\$ 2,339,957	\$ 1,081,149
3,856,282	3,566,061	4,204,773
243,552	241,565	218,516
401,303	347,809	253,441
--	--	251,000
1,198,000	1,081,000	1,008,000
<u>237,228</u>	<u>109,331</u>	<u>110,753</u>
7,858,039	7,685,723	7,127,632
4,954,516	4,840,402	4,418,257
9,705,871	9,040,919	9,302,338
<u>357,857</u>	<u>386,428</u>	<u>325,000</u>
15,018,244	14,267,749	14,045,595
<u>\$ 22,876,283</u>	<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>
\$ 216,818	\$ 109,331	\$ --
424,091	275,395	710,860
1,160,051	1,109,309	955,470
--	--	7,604
476,000	322,000	--
<u>1,198,000</u>	<u>1,081,000</u>	<u>1,008,000</u>
3,474,960	2,897,035	2,681,934
811,472	546,442	--
<u>18,589,851</u>	<u>18,509,995</u>	<u>18,491,293</u>
<u>\$ 22,876,283</u>	<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>

GREENE COUNTY MEDICAL CENTER  
Comparative Statements of Revenues, Expenses and Changes in Net Assets  
Year ended June 30,

	<u>2012</u>	<u>2011</u>
Patient Service Revenue	\$ 24,250,477	\$ 23,053,087
Adjustments to Patient Service Revenue	<u>( 5,108,056)</u>	<u>( 5,312,014)</u>
Net Patient Service Revenue	19,142,421	17,741,073
Other Revenue	<u>271,176</u>	<u>298,592</u>
Total Revenue	19,413,597	18,039,665
Expenses	<u>22,614,161</u>	<u>20,492,730</u>
Operating Loss	( 3,200,564)	( 2,453,065)
Non-Operating Revenues, Net	<u>2,323,630</u>	<u>2,186,217</u>
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, and Scholarship Distributions	( 876,934)	( 266,848)
Capital Grants and Contributions	383,593	407,530
Medical Occupation Scholarship Distributions	<u>( 8,000)</u>	<u>( 14,000)</u>
Increase (Decrease) in Net Assets	<u><u>\$ ( 501,341)</u></u>	<u><u>\$ 126,682</u></u>

See Independent Auditor's Report.



<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 20,995,925	\$ 20,201,298	\$ 18,132,673
<u>( 4,105,737)</u>	<u>( 4,061,245)</u>	<u>( 3,099,132)</u>
16,890,188	16,140,053	15,033,541
<u>289,192</u>	<u>395,206</u>	<u>438,578</u>
17,179,380	16,535,259	15,472,119
<u>19,118,139</u>	<u>18,166,953</u>	<u>17,146,900</u>
( 1,938,759)	( 1,631,694)	( 1,674,781)
<u>1,566,579</u>	<u>1,606,617</u>	<u>1,713,542</u>
( 372,180)	( 25,077)	38,761
478,286	60,029	371,764
<u>( 26,250)</u>	<u>( 16,250)</u>	<u>( 25,000)</u>
<u>\$ 79,856</u>	<u>\$ 18,702</u>	<u>\$ 385,525</u>

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Trustees  
Greene County Medical Center  
Jefferson, Iowa

We have audited the financial statements of Greene County Medical Center as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Greene County Medical Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Greene County Medical Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene County Medical Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Trustees  
Greene County Medical Center

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 12-II-A to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County Medical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Hospital's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Hospital. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene County Medical Center's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the Hospital's response, we did not audit the Hospital's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Greene County Medical Center and other parties to whom the Hospital may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Deonwood, Bell, Hyler & Co. P.C.*

Atlantic, Iowa  
December 4, 2012

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
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CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

To the Board of Trustees  
Greene County Medical Center  
Jefferson, Iowa

### Compliance

We have audited the compliance of Greene County Medical Center, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. Greene County Medical Center's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Greene County Medical Center's management. Our responsibility is to express an opinion on Greene County Medical Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County Medical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Greene County Medical Center's compliance with those requirements.

In our opinion, Greene County Medical Center, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

To the Board of Trustees  
Greene County Medical Center

### Internal Control Over Compliance

The management of Greene County Medical Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greene County Medical Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greene County Medical Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 12-III-A. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Greene County Medical Center, and other parties to whom the Hospital may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Amewell, Bell, Thyer + W. P.C.*

Atlantic, Iowa  
December 4, 2012

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was:
  - Department of Commerce - Broadband Technology Opportunities Program
    - CFDA Number #11.557 - ARRA
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Greene County Medical Center did not qualify as a low-risk auditee.

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

12-II-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Hospital. This deficiency is common among most small rural hospitals.

Recommendation: We recognize that it may not be economically feasible for the Hospital to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response and Corrective Action Planned: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Hospital to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2012.

\* \* \*



GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part III: Findings and Questioned Costs For Federal Awards:

SIGNIFICANT DEFICIENCIES:

CFDA Number 11.557 - Broadband Technology Opportunities Program  
Pass-through Numbers: 19-43-B10575

Federal Award Year: 2012  
U.S. Department of Commerce  
Passed through the Central Iowa Hospital Corporation

12-III-A Segregation of Duties over Federal Revenues and Expenditures - The Hospital did not properly segregate custody, record-keeping and reconciling functions for revenues and expenditures, including those related to Federal programs. See audit finding 12-II-A.

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2012.

\* \* \*

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

- 12-IV-A Certified Budget - Hospital expenditures during the year ended June 30, 2012 did not exceed the amount budgeted.
- 12-IV-B Questionable Expenditures - During the audit, we noted no expenditures for parties, banquets or other entertainment for employees or Board members.
- 12-IV-C Travel Expense - No expenditures of Hospital money for travel expenses of spouses of Hospital officials or employees were noted.
- 12-IV-D Business Transactions - No business transactions between the Hospital and Hospital officials or employees were noted.
- 12-IV-E Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- 12-IV-F Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Hospital's investment policy.

\* \* \*